

**YOKOGAWA UNITED KINGDOM  
LIMITED**

**Report and Financial Statements**

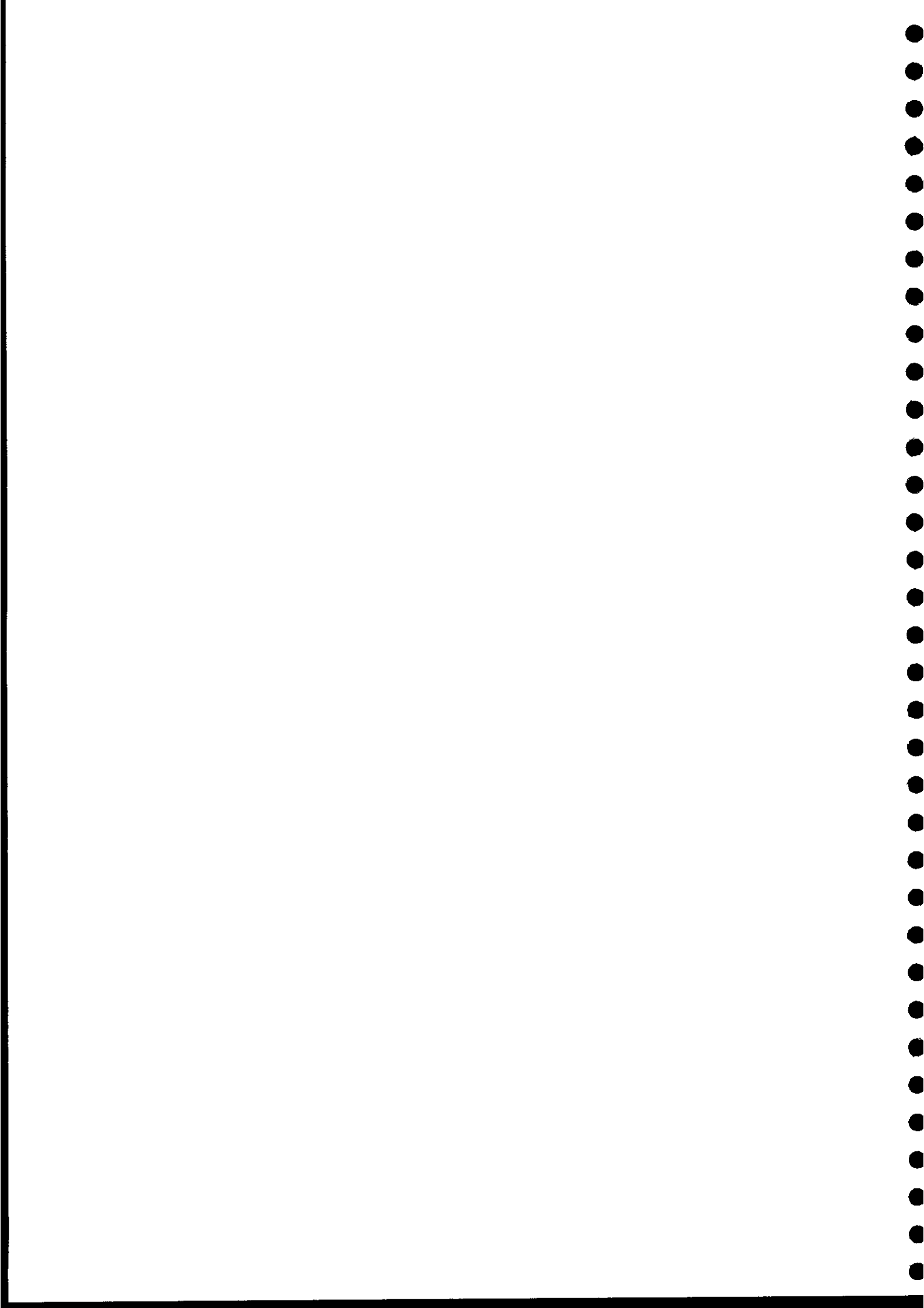
**29 February 2000**

**Deloitte & Touche  
Martins Buildings  
4 Water Street  
Liverpool  
L2 8UY**



**REPORT AND FINANCIAL STATEMENTS 2000**

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**REPORT AND FINANCIAL STATEMENTS 2000**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

D Jarvis (resigned 21 March 2000)  
N Macleod  
S D Hoskins  
D Tipton  
D J Irvine (appointed 25 February 2000)

**SECRETARY**

S D Hoskins

**REGISTERED OFFICE**

Stuart Road  
Manor Park  
Runcorn  
Cheshire  
WA7 1TR

**BANKERS**

National Westminster plc  
P O Box No.305  
Anchorage 2  
100 The Quays  
Salford  
M5 2NF

The Bank of Tokyo - Mitsubishi Limited  
Finsbury Circus House  
12-15 Finsbury Circus  
London  
EC2M 7BT

**SOLICITORS**

Addleshaw Booth & Co  
100 Barbirolli Square  
Manchester  
M2 3AB

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Martins Buildings  
4 Water Street  
Liverpool  
L2 8UY

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 29 February 2000.

### **ACTIVITIES**

The principal activity of the company remains unchanged and is the marketing, engineering support and distribution of its own range of process control instrumentation, manufactured at various locations in Europe and the rest of the world.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The directors consider the performance in the year ended 29 February 2000 to be disappointing, even though market conditions were difficult.

Prospects for the coming year look more positive, with the integration of Yokogawa Industrial Safety Systems' UK operation, from 1 March 2000, likely to bring benefits to the existing operation.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The directors do not propose to pay a dividend for the period (1999: £nil). The loss for the period of £291,256 (1999: profit of £304,016) has been transferred from reserves.

### **FIXED ASSETS**

The movements in fixed assets during the year are shown in note 8 to the accounts.

### **YEAR 2000**

The Millennium came and went without any noticeable differences. All the company's equipment and systems continued to function as expected, confirming that the Y2K plan had been successfully implemented.

The directors will however remain vigilant to the risk of delayed Y2K problems.

### **THE EURO**

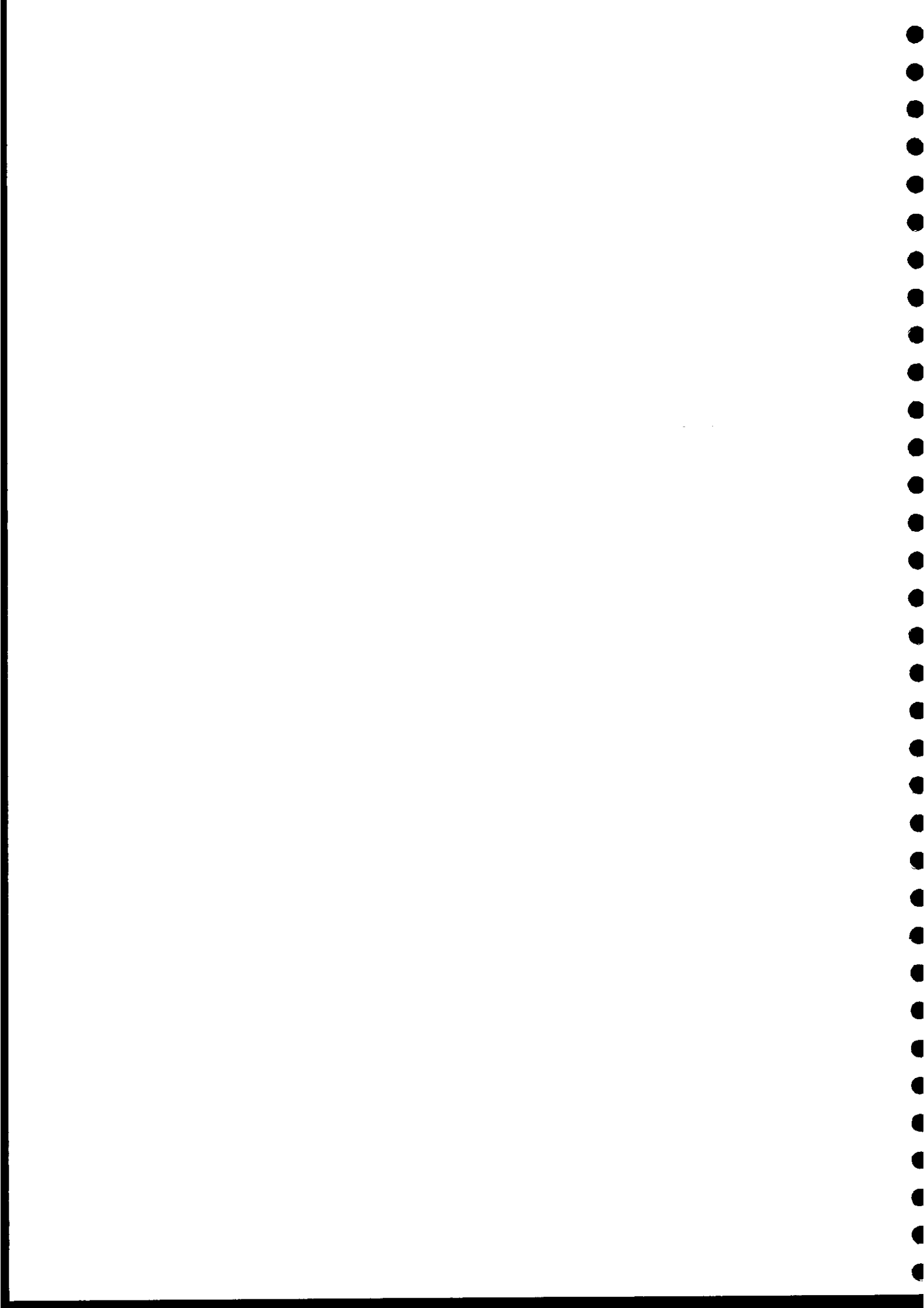
The directors consider that the introduction of the Euro will not significantly affect its financial processes.

The commercial implications of the UK introducing the Euro and necessary related actions are being monitored by the directors on an ongoing basis.

### **DIRECTORS**

The directors of the company who served during the year are shown on page 1. During the year, D J Irvine was appointed as director.

None of the directors had any interest in the share capital of the company. The directors interests in the shares of the ultimate parent company, Yokogawa Electrical Corporation, Japan, are disclosed in the accounts of that company.

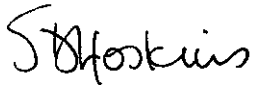


**DIRECTORS' REPORT**

**AUDITORS**

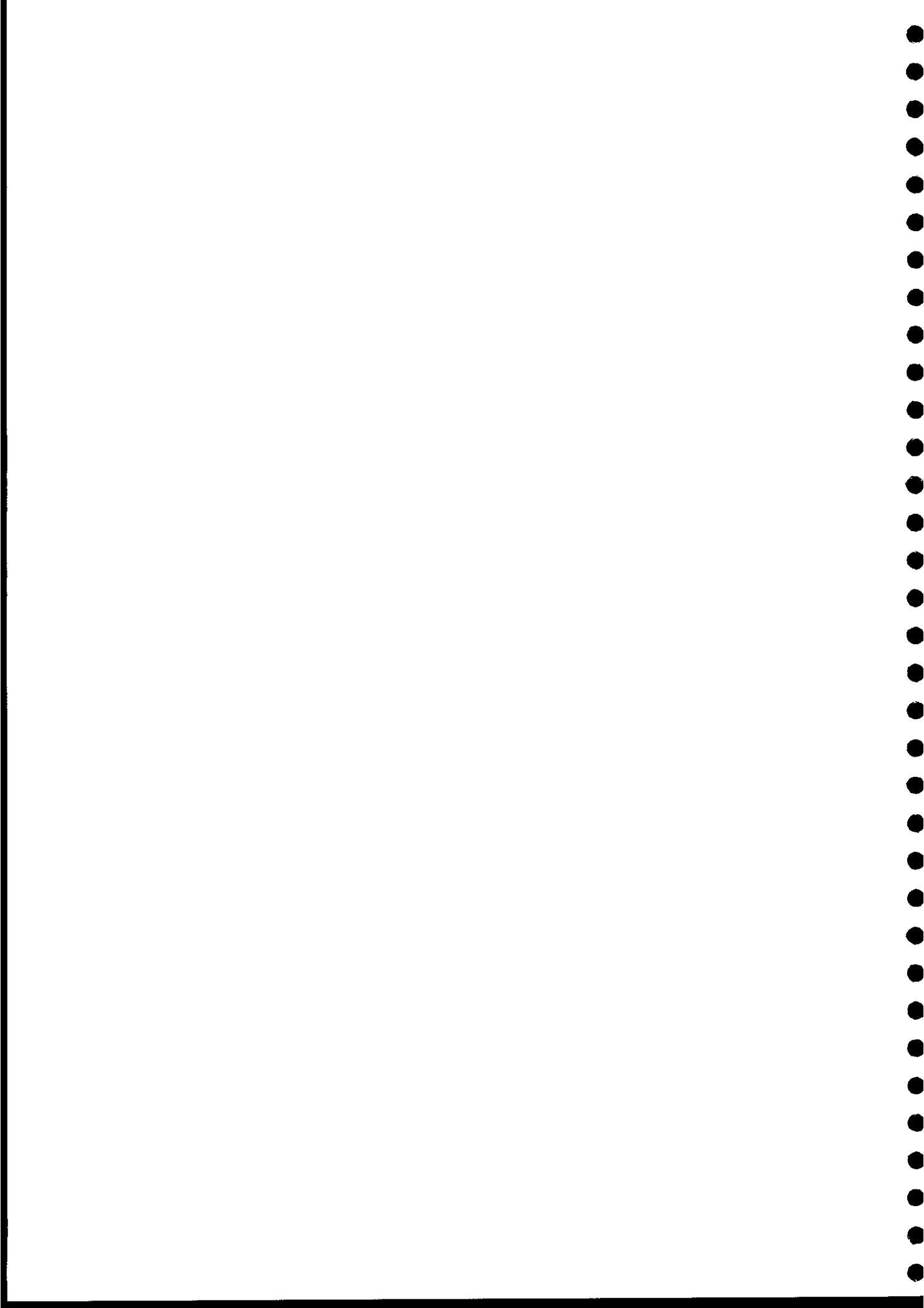
A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Secretary

19/6/2000



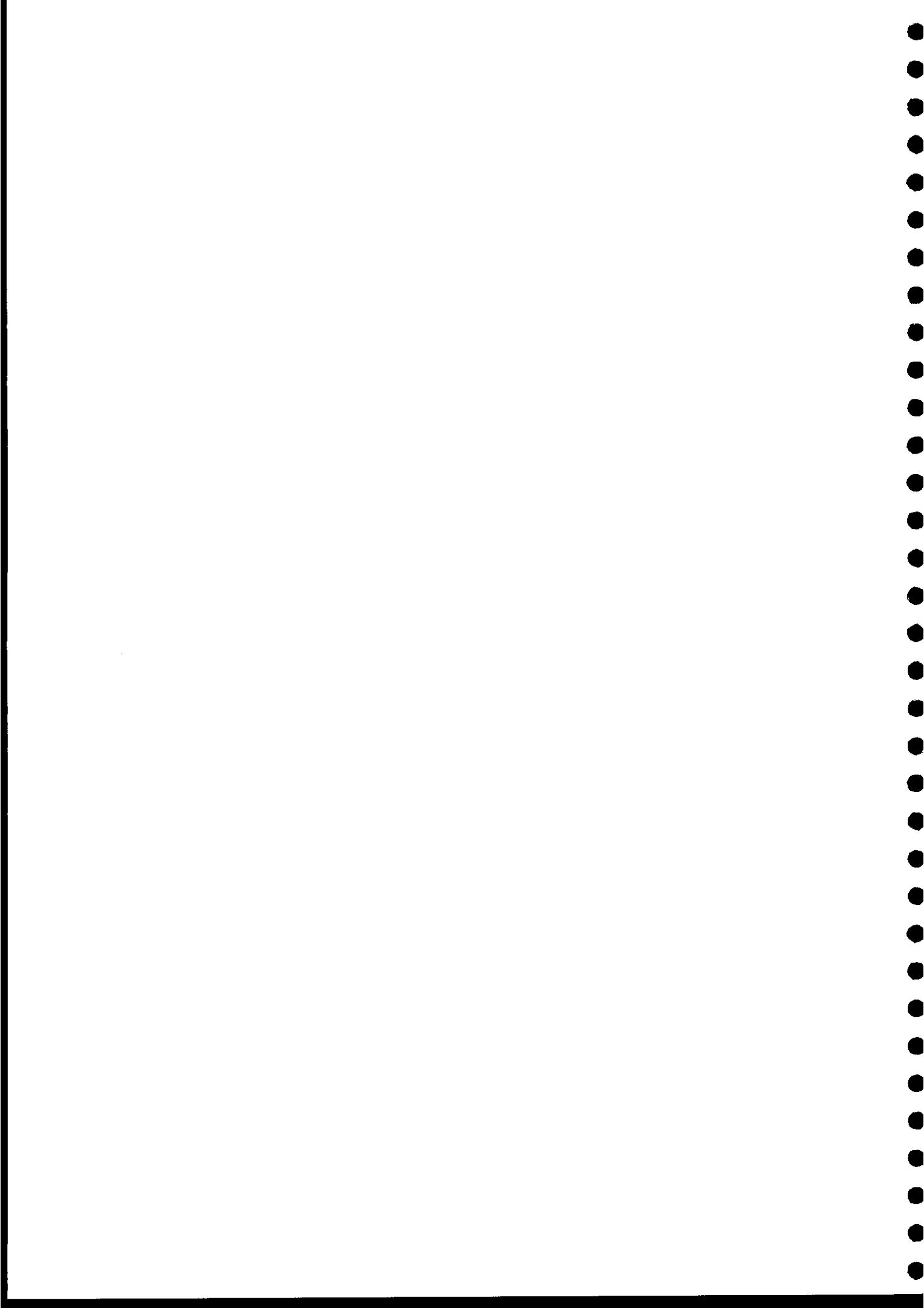


## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.





## **AUDITORS' REPORT TO THE MEMBERS OF YOKOGAWA UNITED KINGDOM LIMITED**

We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on pages 8 and 9.

### **Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

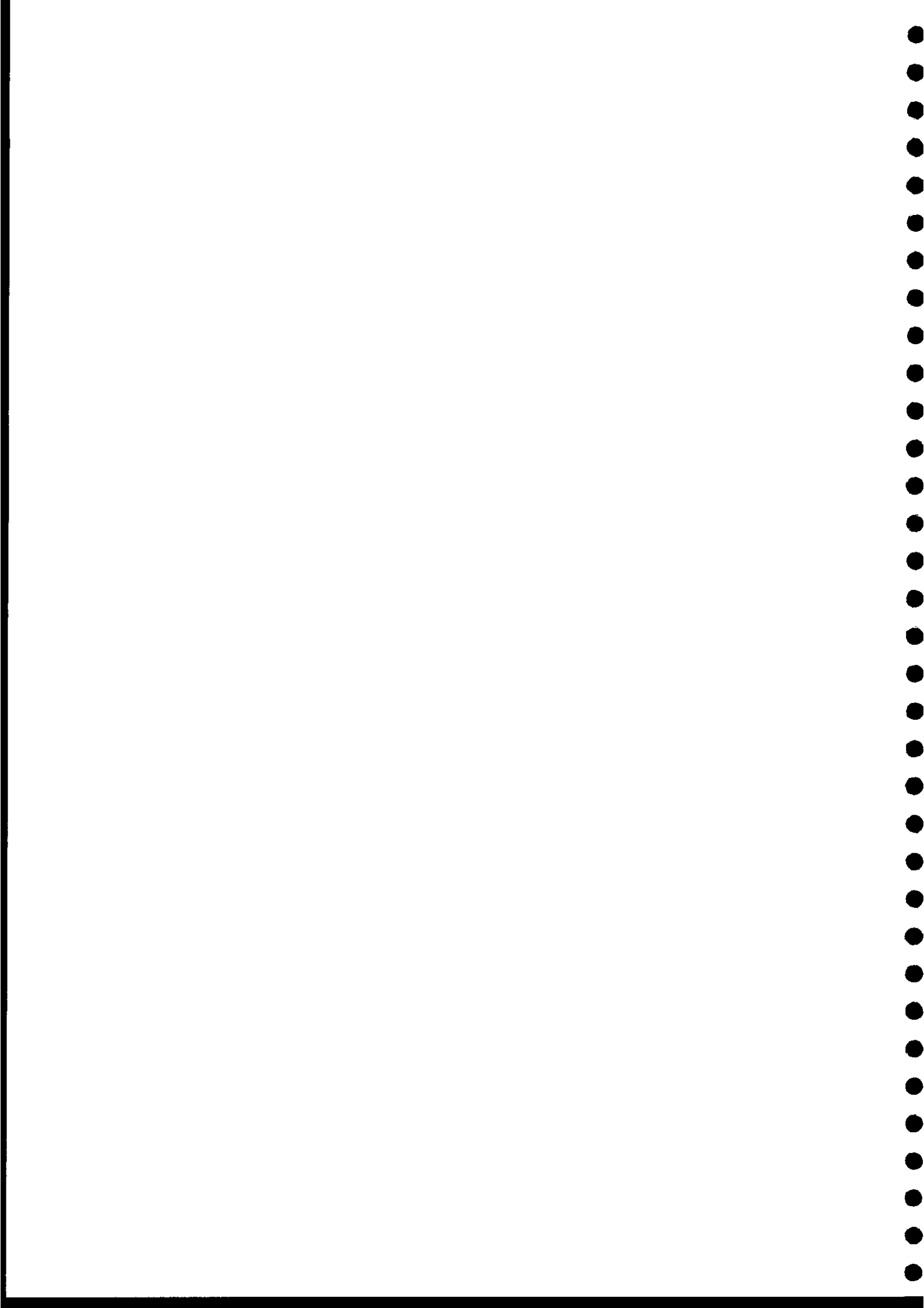
### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 29 February 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*[Handwritten signature]*

Chartered Accountants and Registered Auditors

*[Handwritten signature]*  
26 Feb 2000



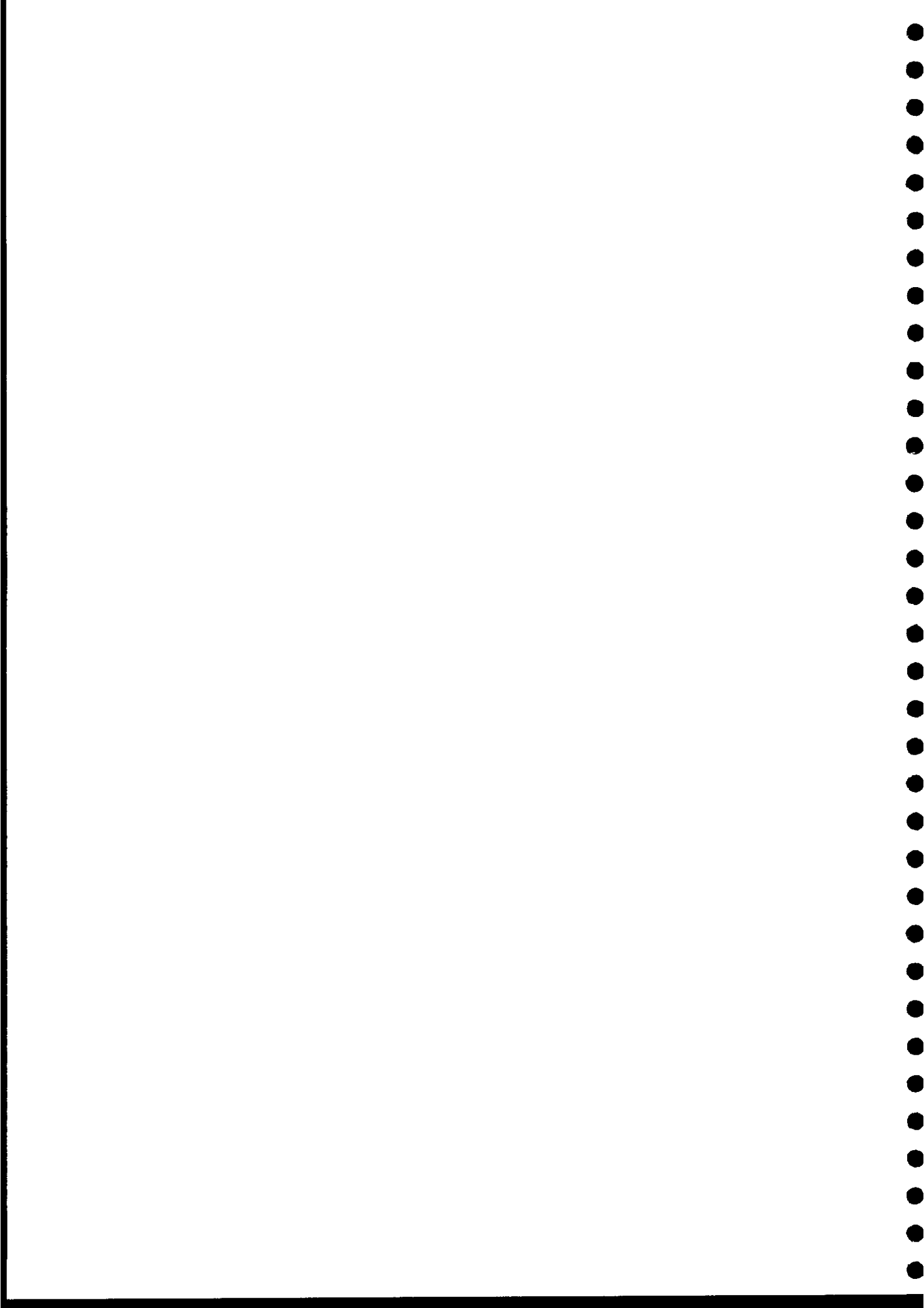
**PROFIT AND LOSS ACCOUNT**  
**Year ended 29 February 2000**

		<b>Year ended 29 February 2000</b>	<b>11 months ended 28 February 1999</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>TURNOVER</b>	2	5,791,444	6,561,738
Cost of sales		(3,596,388)	(4,155,981)
<b>GROSS PROFIT</b>		<u>2,195,056</u>	<u>2,405,757</u>
Administrative expenses		(2,360,910)	(1,976,945)
Other operating income		9,800	-
<b>OPERATING (LOSS)/PROFIT</b>	3	<u>(156,054)</u>	<u>428,812</u>
Interest receivable and similar income	4	9,087	9,409
Interest payable and similar charges	5	(144,289)	(134,205)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(291,256)</u>	<u>304,016</u>
Taxation	7	-	-
<b>RETAINED (LOSS)/PROFIT FOR THE PERIOD</b>	16	<u>(291,256)</u>	<u>304,016</u>

All recognised gains and losses are included in the profit and loss account.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	<b>Year ended 29 February 2000</b>	<b>11 months ended 28 February 1999</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the year/period	(291,256)	304,016
Opening shareholders' funds	<u>1,953,418</u>	<u>1,649,402</u>
Closing shareholders' funds	<u>1,662,162</u>	<u>1,953,418</u>



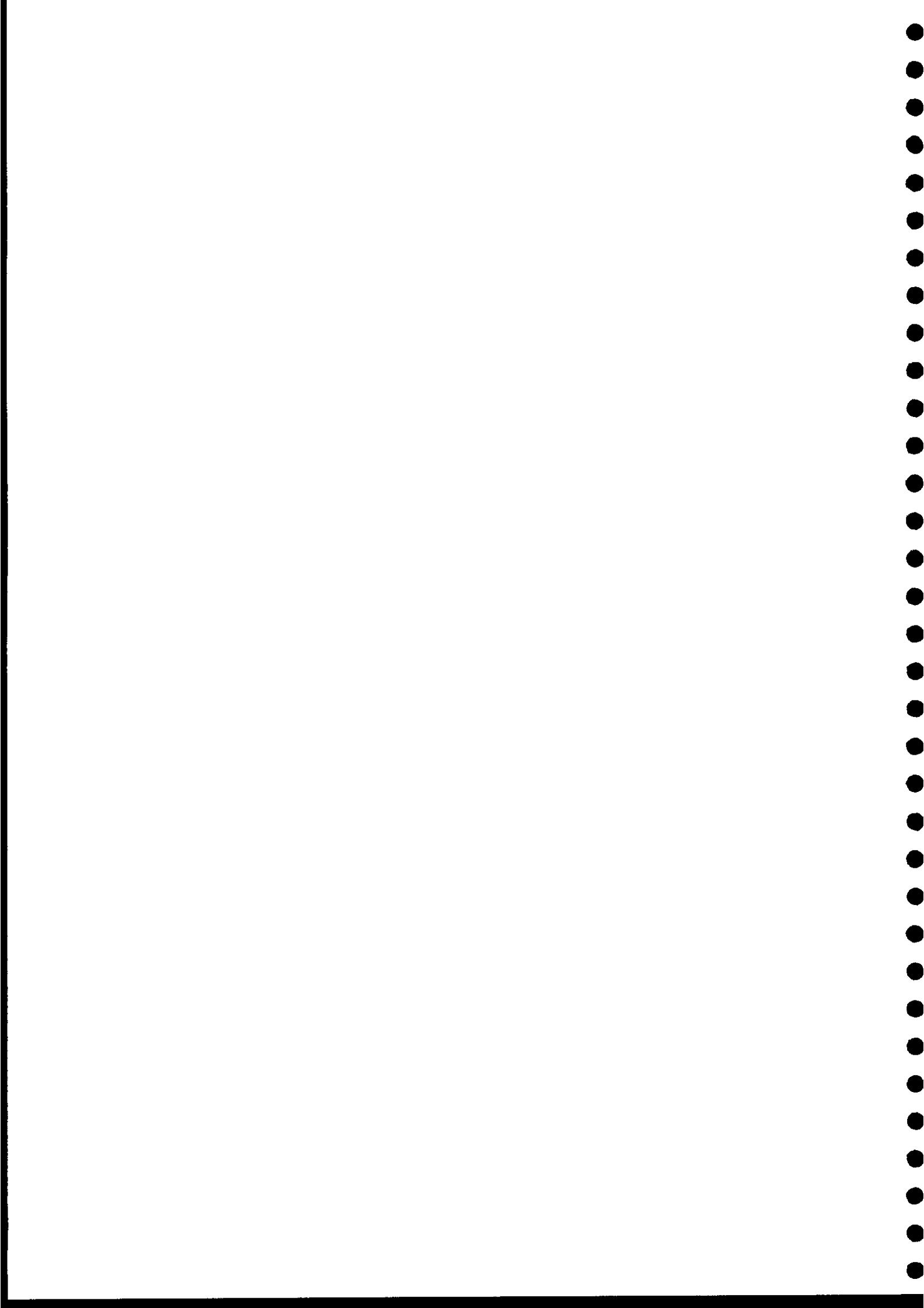
**BALANCE SHEET**  
**29 February 2000**

			29 February 2000		28 February 1999
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	8		2,848,225		2,946,786
Investment in subsidiary undertaking	9		1		-
			<u>2,848,226</u>		<u>2,946,786</u>
<b>CURRENT ASSETS</b>					
Stock	10	413,046		419,618	
Debtors	11	2,114,486		2,602,449	
Cash at bank		152,041		135,566	
		<u>2,679,573</u>		<u>3,157,633</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	12		(3,772,715)		(4,046,886)
<b>NET CURRENT LIABILITIES</b>			<u>(1,093,142)</u>		<u>(889,253)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,755,084		2,057,533
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	14		(92,922)		(104,115)
			<u>1,662,162</u>		<u>1,953,418</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		2,904,715		2,904,715
Profit and loss account	16		(1,242,553)		(951,297)
<b>EQUITY SHAREHOLDERS FUNDS</b>			<u>1,662,162</u>		<u>1,953,418</u>

These financial statements were approved by the Board of Directors on 19/6/2000

Signed on behalf of the Board of Directors

*S. Hoskins*  
 Director





## NOTES TO THE ACCOUNTS

### for the year ended 29 February 2000

#### 1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following accounting policies, which have not changed in the period, have been applied:

##### Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

##### Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold land and buildings, over their expected useful lives. It is calculated at the following rates:

Computer equipment	-	33% p.a.
Motor vehicles	-	33% p.a.
Buildings	-	2% p.a.
Building improvements	-	20% p.a.
Office equipment	-	20% p.a.
Demonstration equipment	-	33% p.a.

##### Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

##### Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

##### Leases and hire purchase contracts

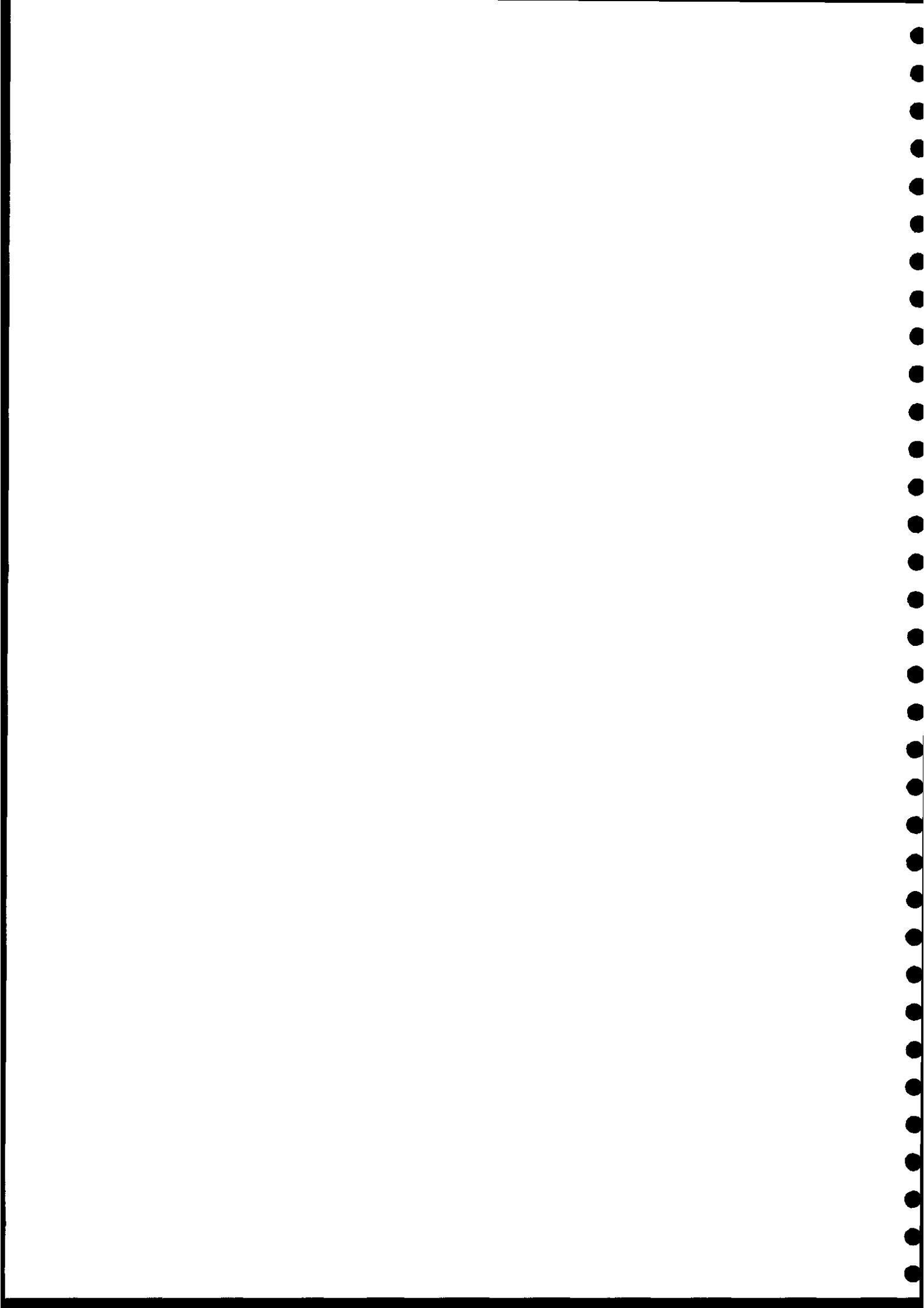
Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balances of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Hire purchase contracts are treated identically with finance leases.

##### Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.



# NOTES TO THE ACCOUNTS

## for the year ended 29 February 2000

### 1. ACCOUNTING POLICIES (continued)

#### Contract work in progress

Contract work in progress is stated at cost less provision for any known or anticipated losses and progress payments receivable on account. Advance payments and deposits in excess of the related work in progress are included in creditors.

#### Cash flow statement

In accordance with Financial Reporting Standard No.1 (revised), a cash flow statement is not included in these financial statements because the company is a wholly-owned subsidiary of Yokogawa Europe BV, which has prepared a consolidated cash flow statement.

### 2. TURNOVER

The turnover and profit before taxation is wholly attributable to one activity, the supply of computer equipment and services. The company's markets are located primarily in the United Kingdom.

### 3. OPERATING (LOSS)/PROFIT

	Year ended 29 February 2000 £	11 months ended 28 February 1999 £
Operating (loss)/profit is stated after charging/(crediting):		
Depreciation		
- owned fixed assets	184,399	169,192
- assets held under finance leases and hire purchase contracts	36,301	50,518
Loss/(profit) on disposal of fixed assets	1,140	(11,614)
Operating lease rentals		
- plant and machinery	127,609	125,478
- land and buildings	4,600	39,400
Auditors' remuneration		
- audit	3,500	5,000
- other	1,500	1,500
	<u>          </u>	<u>          </u>

### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 29 February 2000 £	11 months ended 28 February 1999 £
Bank interest	9,087	4,745
Other income	-	4,664
	<u>          </u>	<u>          </u>
	9,087	9,409
	<u>          </u>	<u>          </u>

**NOTES TO THE ACCOUNTS**  
**for the year ended 29 February 2000**

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 29 February 2000 £	11 months ended 28 February 1999 £
Intercompany loan	61,247	-
Bank loans and overdrafts	78,216	126,587
Finance leases	4,826	7,618
	<u>144,289</u>	<u>134,205</u>

**6. STAFF COSTS AND DIRECTORS' EMOLUMENTS**

	Year ended 29 February 2000 £	11 months ended 28 February 1999 £
Staff costs:		
Wages and salaries	1,352,082	1,419,854
Social security costs	131,331	123,423
Other pension costs	115,435	85,352
	<u>1,598,848</u>	<u>1,628,629</u>
	No. 52	No. 54
	Year ended 29 February 2000 £	11 months ended 28 February 1999 £
Directors emoluments	184,657	149,565
Company pension contributions to money purchase schemes	26,953	16,833
	<u>211,610</u>	<u>166,398</u>

**NOTES TO THE ACCOUNTS**  
**for the year ended 29 February 2000**

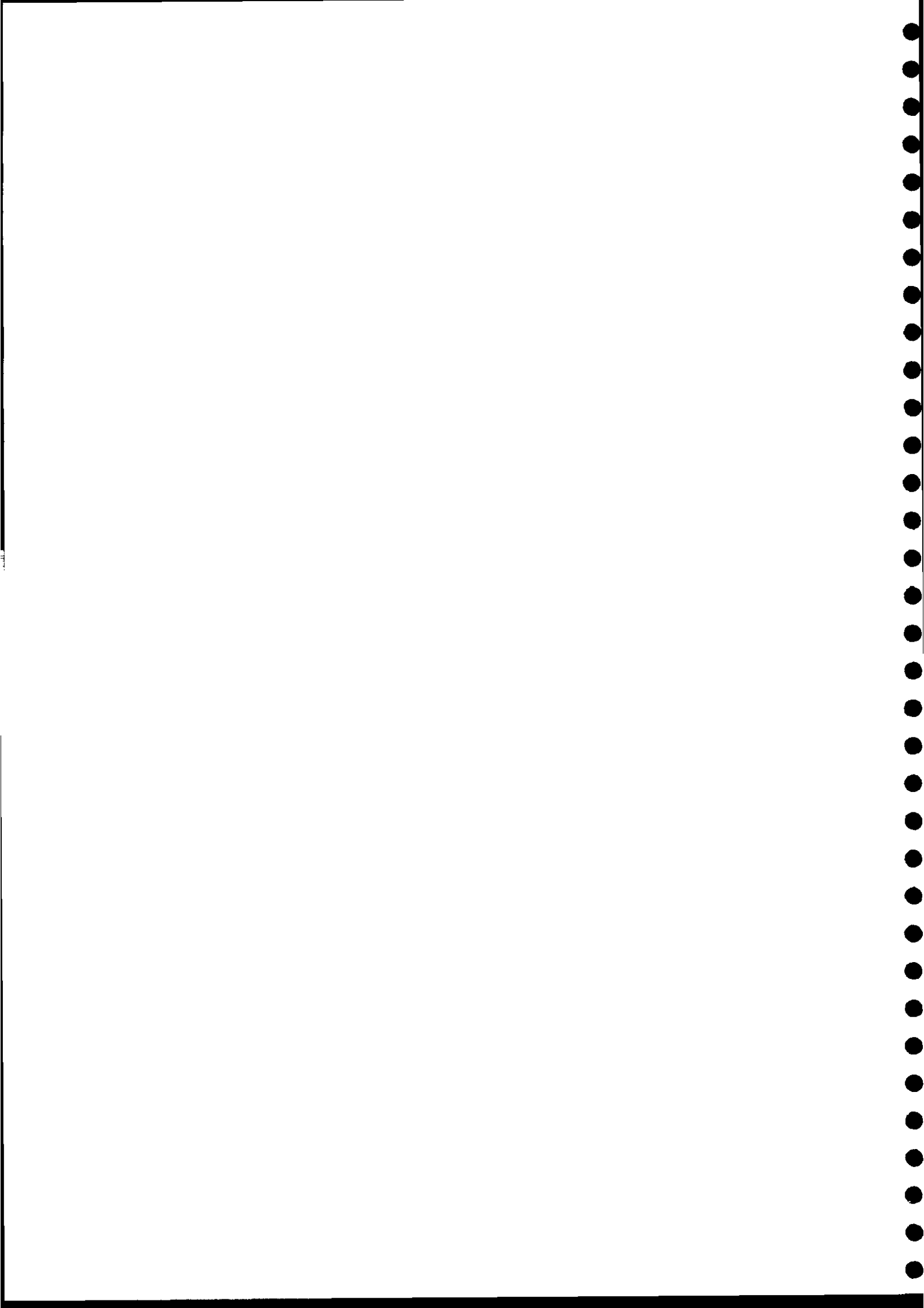
**7. TAXATION**

At 29 February 2000 there were approximately £220,000 (1999: £22,000) of tax losses to carry forward and offset against future profits of the same trade.

**8. TANGIBLE FIXED ASSETS**

	Land and buildings	Office Equipment	Demon- stration equipment	Motor vehicles	Total
Cost	£	£	£	£	£
At 1 March 1999	2,784,896	612,020	226,131	125,836	3,748,883
Additions	9,680	62,374	43,046	25,500	140,600
Disposals	-	(9,038)	(2,581)	(44,745)	(56,364)
At 29 February 2000	2,794,576	665,356	266,596	106,591	3,833,119
<b>Accumulated depreciation</b>					
At 1 March 1999	165,411	429,100	170,873	36,713	802,097
Charge for the year	39,015	101,043	44,341	36,301	220,700
Disposals	-	(9,012)	(2,581)	(26,310)	(37,903)
At 29 February 2000	204,426	521,131	212,633	46,704	984,894
<b>Net book value</b>					
At 29 February 2000	2,590,150	144,225	53,963	59,887	2,848,225
At 28 February 1999	2,619,485	182,920	55,258	89,123	2,946,786

Tangible fixed assets held by the Company include fixed assets acquired under finance leases and hire purchase contracts with a cost of £106,591 (1999: £264,307) and accumulated depreciation of £46,704 (1999: £175,186).



**NOTES TO THE ACCOUNTS**  
**for the year ended 29 February 2000**

**9. INVESTMENT IN SUBSIDIARY UNDERTAKING**

	£
At 1 March 1999	-
Acquisition of shares at cost	1
	<hr/>
At 29 February 2000	1
	<hr/>

During the year the company acquired, for a consideration of £1, the entire issued share capital of Yokogawa Industrial Safety Systems Limited, an unlisted company incorporated in Great Britain. This comprises ordinary shares only.

In accordance with the provisions of Section 228 of the Companies Act 1985 the Company is exempt from the obligation to prepare and deliver group accounts, as the Company is included in the audited consolidated accounts of its immediate parent undertaking, Yokogawa Europe BV, which is incorporated in the Netherlands. Accordingly these financial statements present information about the company individually and not as a group.

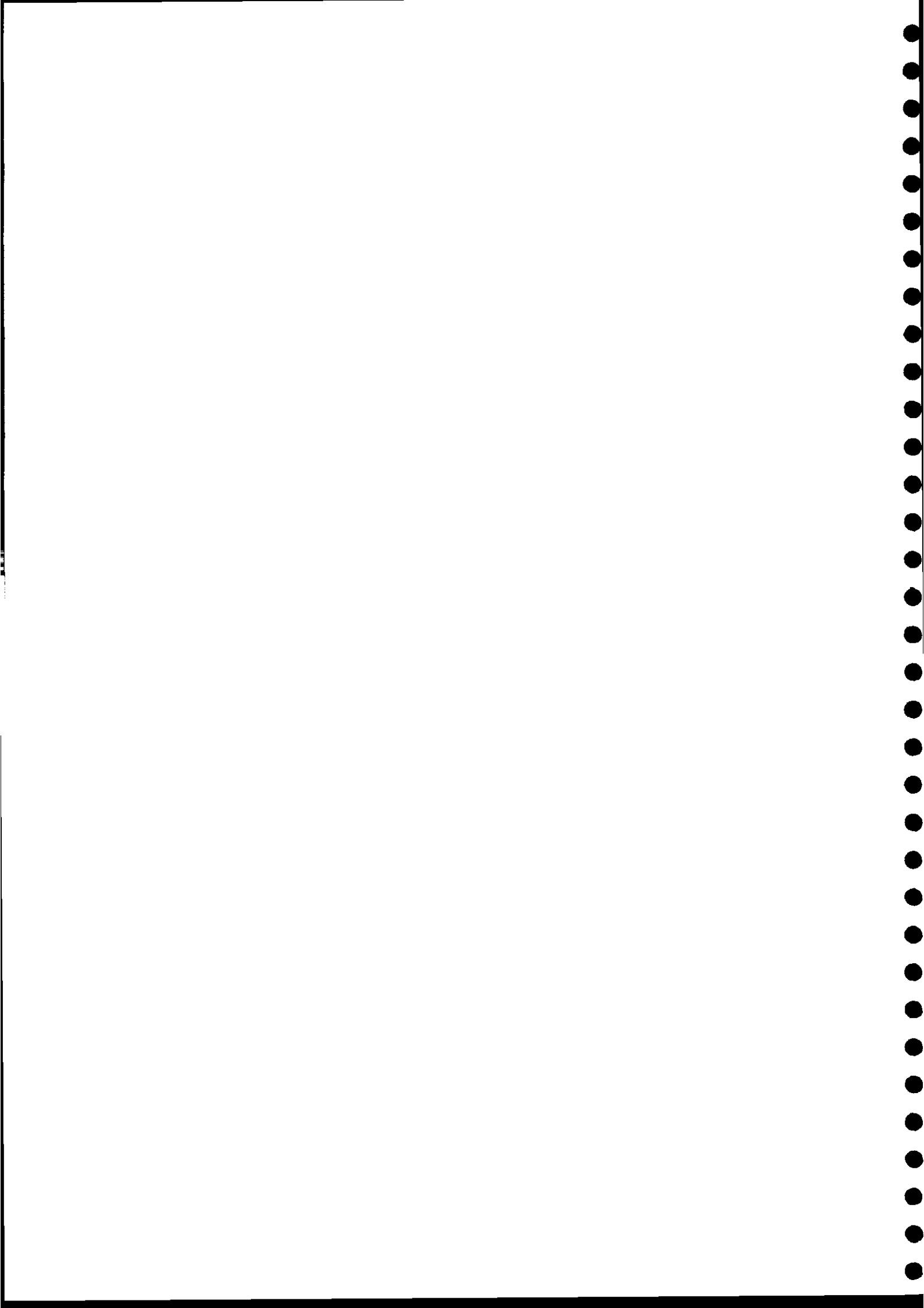
In the opinion of the directors the aggregate value of the shares in the Company's subsidiary undertaking is not less than the total amount at which it is stated in the balance sheet.

The principal activity of Yokogawa Industrial Safety Systems Limited is the sale of safety systems to the oil and gas, chemical, petrochemical and power industries.

Subsequent to the balance sheet date, the Company entered into an agreement with Yokogawa Industrial Safety Systems Limited to acquire the trade and net assets of the subsidiary company. It is envisaged that Yokogawa Industrial Safety Systems Limited will become dormant as a consequence of this transaction.

**10. STOCKS**

	29 February 2000 £	28 February 1999 £
Contract work in progress	356,590	409,056
Goods for resale	101,465	200,596
	<hr/>	<hr/>
	458,055	609,652
Progress payments received	(45,009)	(190,034)
	<hr/>	<hr/>
	413,046	419,618
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**NOTES TO THE ACCOUNTS**  
**for the year ended 29 February 2000**

**11. DEBTORS**

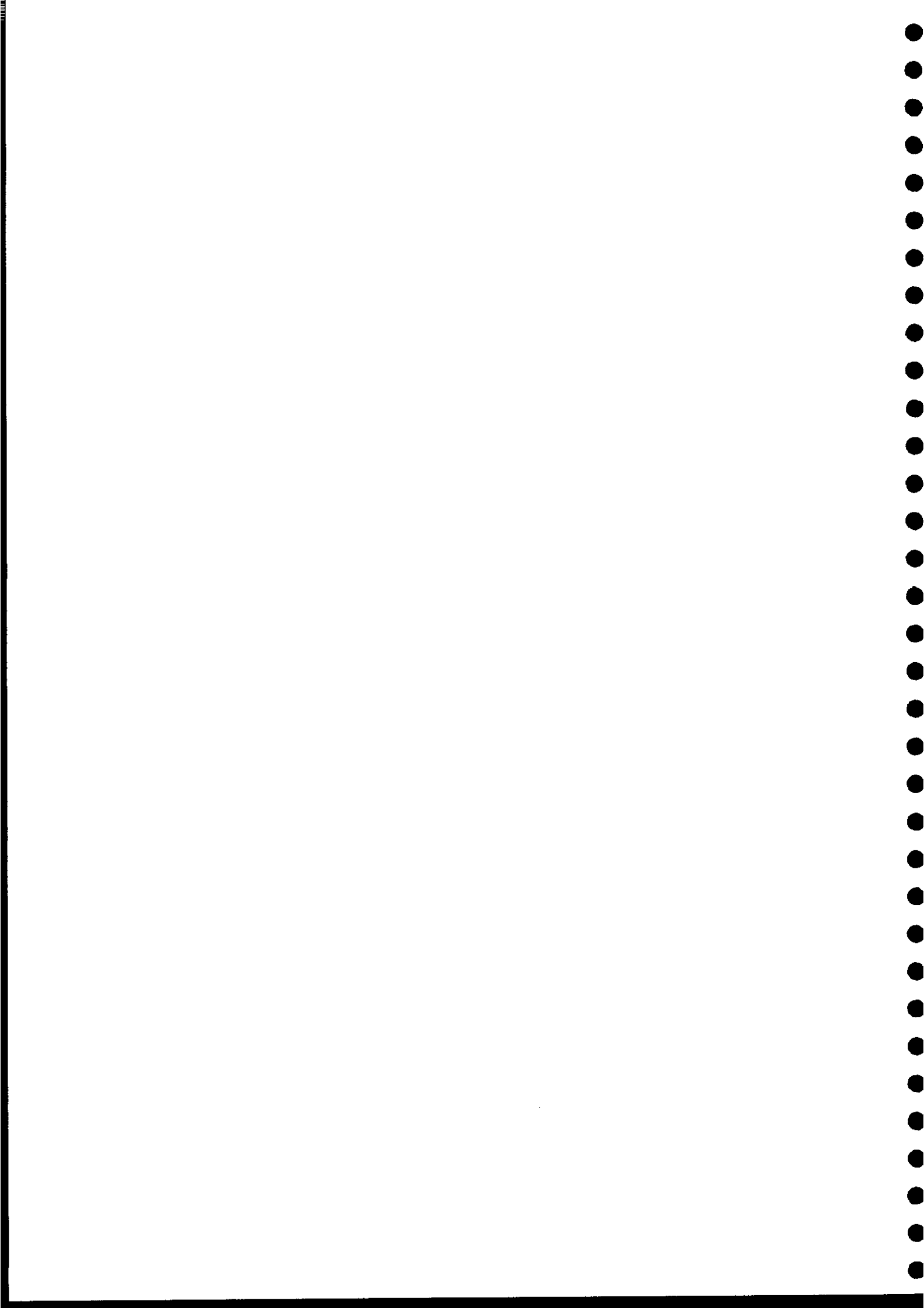
	29 February 2000 £	28 February 1999 £
Trade debtors	1,990,803	2,467,608
Amounts owed by group undertakings	32,998	41,805
Other debtors	4,601	5,655
Prepayments and accrued income	86,084	87,381
	<u>2,114,486</u>	<u>2,602,449</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	29 February 2000 £	28 February 1999 £
Bank loans and overdrafts	3,008	2,226,877
Trade creditors	232,723	417,312
Amounts owed to group undertakings	3,199,300	963,302
Other creditors including taxation and social security	233,212	133,836
Accruals and deferred income	81,902	272,239
Obligations under finance leases and hire purchase agreements	22,570	33,320
	<u>3,772,715</u>	<u>4,046,886</u>

**13. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY**

	29 February 2000 £	28 February 1999 £
This heading includes:		
Taxation and social security	<u>222,212</u>	<u>123,836</u>



**NOTES TO THE ACCOUNTS**  
for the year ended 29 February 2000

**14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	29 February 2000 £	28 February 1999 £
Obligations under finance leases and hire purchase contracts	19,708	29,197
Accruals and deferred income	73,214	74,918
	<u>92,922</u>	<u>104,115</u>

Obligations under finance leases and hire purchase contracts are due as follows:

	29 February 2000 £	28 February 1999 £
Within 1 - 2 years	14,616	23,134
Within 2 - 5 years	5,092	6,063
	<u>19,708</u>	<u>29,197</u>

The finance leases are secured by the assets leased.

**15. CALLED UP SHARE CAPITAL**

	29 February 2000 £	28 February 1999 £
Ordinary shares of £1 each authorised, allotted and fully paid	2,904,715	2,904,715

**16. RESERVES**

	Profit and loss account £
At 1 March 1999	(951,297)
Transfer from profit and loss account of the period	<u>(291,256)</u>
At 29 February 2000	<u>(1,242,553)</u>

**NOTES TO THE ACCOUNTS**  
**for the year ended 29 February 2000**

**17. FINANCIAL COMMITMENTS**

At 29 February 2000 the company had annual commitments under non-cancellable operating leases as follows:

	29 February 2000		28 February 1999	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring within one year	-	117,187	13,133	124,478
Expiring within two to five years	-	-	-	-
Expiring after five years	-	-	-	-
	<u>-</u>	<u>117,187</u>	<u>13,133</u>	<u>124,478</u>

The company has loan guarantees of £439,287 at 29 February 2000 (1999: £452,444).

**18. ULTIMATE PARENT COMPANY**

In the opinion of the directors, the ultimate parent company and ultimate controlling party is Yokogawa Electrical Corporation, a company incorporated in Japan. The financial statements can be obtained from Yokogawa Electric Corporation, 9-32 Nakacho, 2-Chrome, Musashino-Shi, Tokyo 180, Japan.

**19. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption under FRS8 not to disclose related party transactions.

